

From: admin@adfra.org
Sent: Thursday, 12 December 2019 9:13 AM
To: 'DFRDB Investigation'
Cc: Jim Hislop (jghislop1937@hotmail.com)
Subject: RE: Publication of DFRDB investigation report [SEC=UNCLASSIFIED]

Dear Paul,

While disappointing, the findings of the report are as expected and a pre-destined outcome of the Terms of Reference. The 'apology' will be seen by many of our members as a slap in the face.

The following paragraphs in the report deserve comment:

Paragraph 4.7. There were only two interim adjustments between 1972 and 1976:

- [Defence Force Retirement and Death Benefits \(Pension Increases\) Act 1974](#) which applied a 16.2% increase in average weekly earnings to just five-sevenths of DFRDB pensions.
- [Defence Force Retirement and Death Benefits \(Pension Increases\) Act 1976](#) which applied a 17.6% increase in the CPI to DFRDB pensions.

Paragraph 5.12. The suggestion that the scheme drafters never envisaged the use of current life tables is a dismissal of the Jess Committee's recommendation for a proportionate reduction based on life expectancy.

The report failed to observe that the use of a fixed 'commutation divisor' has translated what was a proportionate arrangement, at the time the legislation was enacted, into something that is now highly disproportionate. There is no evidence which suggests that this was or is Government policy.

The greatest disappointment is the failure of the report to adequately address indexation. It gives no consideration to the purpose of indexation which, whether by design or otherwise, obviated the need for the report to make any observations regarding the equity of the indexation arrangements.

The report has fallen well short on stating our concerns with Policy and gives the Government the scope to once again avoid addressing those concerns in any public 'clarification' of its policy position.

I assume that the report is final, in which case there is no need for us to meet.

Kind regards,

Herb Ellerbock

From: DFRDB Investigation [mailto:DFRDB.Investigation@ombudsman.gov.au]
Sent: Wednesday, 11 December 2019 10:38 AM
To: admin@adfra.org
Subject: Publication of DFRDB investigation report [SEC=UNCLASSIFIED]

Dear Herb and Jim

I am writing to let you know that today the Commonwealth Ombudsman, Mr Michael Manthorpe PSM, published his report on the investigation into the Defence Force Retirement and Death Benefits (DFRDB) Scheme. You can view or download the report from the Ombudsman's website at ombudsman.gov.au/dfrdb.

As you will see when you read the report, the Ombudsman found you were correct in your assertion that some DFRDB members had been provided with misleading information about the effects of commutation on retirement pay. He recommended that the Secretary of the Department of Defence and the Chief of the Defence Force apologise to DFRDB members for the frustration and disappointment this caused. A copy of this letter of apology has been included as an appendix to the report. Individual DFRDB members can ask Defence to send a copy of this letter to them – please see details on our webpage.

The Ombudsman carefully considered, but ultimately decided against recommending any form of financial compensation. This is because the independent financial modelling we obtained led us to conclude there is no general cohort of people who were worse off by choosing to commute when compared to not commuting, even if they did so relying on the incorrect information.

In the submissions we received, DFRDB members also indicated dissatisfaction with certain aspects of the policy design of the scheme, particularly about the use of certain life expectancy tables, the permanency of reductions to commuted pensions and indexation arrangements. While these matters are not within scope of the investigation, the Ombudsman has included a section to summarise policy issues given the high number of members who voiced these concerns.

I would like to thank you for the valuable contribution you and your organisation made during the course of the investigation. The information, submissions and evidence you provided were of great assistance. Further, your assistance in disseminating information and updates to your members resulted in over 3000 submissions and important information and documents being received by the Investigation team.

If after reading the report you have any questions or would like to meet with us to discuss the report further, please contact the DFRDB Investigation Team by email DFRDB.Investigation@ombudsman.gov.au and we will be in contact to find a suitable time. Please note that due to leave arrangements, we can meet on or before 19 December 2019, or otherwise in February 2020.

Regards,
Paul

Paul Pfitzner
Senior Assistant Ombudsman
Complaints Management and Education Branch



Influencing systemic improvement in public administration

The Office of the Commonwealth Ombudsman acknowledges the traditional owners of country throughout Australia and their continuing connection to land, culture and community. We pay our respects to elders past and present.

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